CTOS Digital (CTOS MK)

4Q25: Within Expectations; Recovery In Momentum In 2026

HOLD (Maintained)	
Share Price	RM0.87
Target Price	RM0.95
Upside	+9.1%

Analyst(s)
Ku Wei Xiang
+603 2147 1916
weixiang@uobkayhian.com

Highlights

- 4Q25 results are within expectations, with sequential growth witnessed in both Malaysia and international operations across all business segments.
- 2025 top-line growth remained intact, but bottom line was dragged by higher cost of sales and operating costs.
- However, we believe the current risk-reward profile remains balanced until execution becomes more visible under the new management. Maintain HOLD with an unchanged target price of RM0.95.

4Q25 Results

Year to 31 Dec (RMm)	4Q25	qoq %	yoy %	2025	yoy %
Revenue	88.0	6.0	14.5	326.1	7.0
Key Accounts (KA)	44.3	7.4	21.2	163.0	8.4
Commercial	34.0	6.5	3.7	125.2	(2.1)
Direct-to-consumer (D2C)	9.7	(1.3)	29.1	37.9	42.8
Gross Profit	59.7	7.1	6.0	221.4	0.1
EBITDA	21.1	(16.2)	(27.5)	84.4	(21.8)
PBT	28.4	7.5	(14.5)	92.3	(17.9)
Tax Expense	(4.0)	114.0	369.7	(7.9)	21.0
Net Profit	44.6	80.5	37.5	104.9	(1.4)
Core Net Profit	26.6	6.1	(17.1)	88.5	(17.7)
Margins	(%)	qoq ppt chg	yoy ppt chg	(%)	yoy ppt chg
EBITDA	23.9	(6.4)	(13.9)	25.9	(9.5)
PBT	32.3	0.5	(11.0)	28.3	(8.6)
Core net profit	30.3	0.0	(11.6)	27.1	(8.1)

Source: CTOS, UOB Kay Hian

Analysis

- **Within expectations.** CTOS Digital's (CTOS) 4Q25 core net profit came in at RM26.6m (-17% yoy, +6% qoq) after excluding the RM17.9m disposal gain from the Experian associate and other associated one-off items. This brings 2025 net profit to RM88.5m (-18% yoy), accounting for 103% and 98% of both our and consensus full-year estimates respectively. The sequential growth in earnings was mainly driven by higher revenue contribution from both Malaysia (+1% qoq) and international (+37% qoq) operations alongside more stringent cost control.
- CTOS has declared a fourth interim dividend of 0.86 sen for 2025. This represents a payout ratio of 75% and is in line with the group's minimum dividend policy of 60%. This brings 2025 DPS to 2.7 sen, translating to a net dividend yield of 3.1%.

Key Financials

Year to 31 Dec (RMm)	2024	2025	2026F	2027F	2028F
Net turnover	305	326	344	381	405
EBITDA	75	54	92	112	114
Operating profit	92	70	95	117	121
Net profit (rep./act.)	106	105	100	105	110
Net profit (adj.)	108	88	100	105	110
EPS	4.7	3.8	4.3	4.5	4.8
PE	18.7	22.7	20.2	19.2	18.2
P/B	3.2	3.3	3.3	3.2	3.1
EV/EBITDA	27.2	38.1	22.3	18.3	18.0
Dividend yield	3.7	3.1	3.0	3.1	3.3
Net margin	34.9	32.2	29.0	27.4	27.3
Net debt/(cash) to equity	13.7	0.9	11.8	9.9	7.3
Interest cover	7.7	4.5	9.4	11.5	13.0
ROE	2.9	17.1	16.5	17.0	17.3
Consensus net profit	-	-	102	106	
UOBKH/Consensus (x)	-	-	0.98	0.99	

Source: CTOS, Bloomberg, UOB Kay Hian

Stock Data

GICS Sector	Financial Services
Bloomberg ticker	CTOS MK
Shares issued (m)	2,275.1
Market cap (RMm)	1,979.3
Market cap (US$m)	504.0
3-mth avg daily t'over (US$m)	0.8

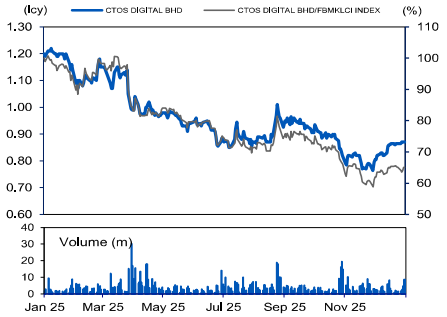
Price Performance (%)

52-week high/low				RM1.23/RM0.755
1mth	**3mth**	**6mth**	**1yr**	**YTD**
13.7	(4.4)	(1.7)	(27.5)	8.1

Major Shareholders

	%
Employees Provident Fund Board	20.7
Jade Vine Sdn Bhd	20.2
Abrdn plc	16.7

Price Chart



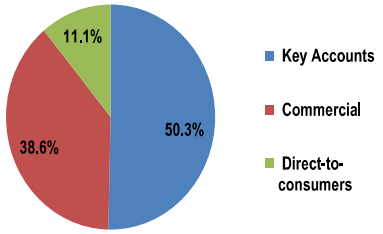
Source: Bloomberg

Company Description

CTOS is mainly involved in the business of credit reporting, digital software-related services, software development, outsourcing and training services, and investment holding. It also facilitates credit extension and commercialises credit risk management.

- **2025 top-line growth remained intact yoy but margins contracted.** In 2025, CTOS recorded a commendable revenue of RM326.1m (+7% yoy), fuelled by strong growth in both Malaysia (+5% yoy) and international markets (+18% yoy). The top-line growth mainly reflects strong demand in the key accounts (KA) (+8% yoy) and direct-to-consumer (+43% yoy) segments. However, bottom line profit fell 18% yoy, reflecting higher operating costs such as cost of sales (+25% yoy), and sales and marketing expenses (+16% yoy). As a result, core net profit margin dropped 8.1ppt yoy.
- **Management expects growth to resume in 2026.** After a gestation period in 2025, management expects growth to resume in 2026, underpinned by steady execution in the KA segment with new products slated to launch soon. The commercial and direct-to-consumer segments are also expected to recover with higher volume growth.
- **AI disruption risk mitigated by data scale.** While AI-driven credit assessment tools leveraging alternative and non-traditional data sources could potentially disrupt elements of the traditional credit bureau model over time, we believe the risk to CTOS is moderated by its large-scale, proprietary dataset accumulated over decades. The depth, quality, and regulatory acceptance of CTOS' data remain difficult to replicate and continue to anchor its relevance to financial institutions. That said, CTOS will need to continuously launch new products, enhance analytics capabilities and expand use cases to ensure its offerings remain integral to client workflows as credit assessment models evolve.

4Q25 Sales Breakdown



Source: CTOS, UOB Kay Hian

Valuation/Recommendation

- **Maintain HOLD with an unchanged target price of RM0.95,** still based on 22x 2026F PE, which is -1.5SD below its mean and in line with its global peer average. While we continue to view CTOS as a well-positioned proxy to the growing demand for credit reporting services in Malaysia, Indonesia, and the Philippines, we note that near-term sentiment may remain weak until a new key catalyst or earnings inflection point emerges.

Earnings Revision/Risk

- None.

Environmental, Social, Governance (ESG) Updates

Environmental

- No environmental issues which may materially impact biodiversity or climate change in any significant way.

Social

- Conducted over 200 financial education roadshows for Malaysia's consumers.

Governance

- Comprehended and applied Malaysian Code on Corporate Governance (MCCG).

Profit & Loss

Year to 31 Dec (RMm)	2025	2026F	2027F	2028F
Net turnover	326.1	343.6	381.3	404.6
EBITDA	53.9	92.0	112.2	114.2
Deprec. & amort.	(16.3)	(3.0)	(5.1)	(6.8)
EBIT	70.1	95.0	117.3	121.0
Associates	31.7	24.2	30.1	33.1
Net interest income/(expense)	(11.9)	(9.8)	(9.8)	(8.8)
Pre-tax profit	112.3	109.5	137.6	145.3
Tax	(7.9)	(9.9)	(33.0)	(34.9)
Minorities	0.5	0.0	0.0	0.0
Net profit	104.9	99.7	104.6	110.5
Net profit (adj.)	88.5	99.7	104.6	110.5

Balance Sheet

Year to 31 Dec (RMm)	2025	2026F	2027F	2028F
Fixed assets	8.5	31.9	51.2	67.1
Other LT assets	674.3	696.6	697.9	699.2
Cash/ST investment	60.3	55.2	52.0	54.2
Other current assets	79.0	95.2	98.2	103.4
Total assets	822.1	878.8	899.2	923.9
ST debt	0.0	0.0	0.0	0.0
Other current liabilities	126.4	100.5	108.7	115.3
LT debt	65.5	140.5	141.5	142.5
Other LT liabilities	23.4	23.4	23.4	23.4
Shareholders' equity	605.9	614.4	625.5	642.6
Minority interest	0.0	0.0	0.0	0.0
Total liabilities & equity	822.1	878.8	899.2	923.9

Cash Flow

Year to 31 Dec (RMm)	2025	2026F	2027F	2028F
Operating	148.7	84.7	89.6	95.5
Pre-tax profit	112.3	109.5	137.6	145.3
Tax	(7.9)	(9.9)	(33.0)	(34.9)
Deprec. & amort.	(16.3)	(5.4)	(9.4)	(12.7)
Associates	(31.7)	(24.2)	(30.1)	(33.1)
Working Capital Changes	6.0	(6.0)	(2.2)	(0.6)
Other operating cashflows	86.9	5.5	13.6	19.3
Investing	63.7	(30.0)	(30.0)	(27.0)
Capex (growth)	(16.3)	(30.0)	(30.0)	(30.0)
Investments	0.0	0.0	0.0	0.0
Others	80	0.0	0.0	0.0
Financing	(170.5)	(59.8)	(62.8)	(66.3)
Dividend payments	(67.3)	(59.8)	(62.8)	(66.3)
Proceed from Borrowings	88.0	0.0	0.0	0.0
Loan repayment	(149.1)	0.0	0.0	0.0
Others/interest paid	(42.1)	0.0	0.0	0.0
Net cash inflow (outflow)	41.9	(5.1)	(3.2)	2.2
Beginning cash & cash equivalent	19.4	60.3	55.2	52.0
Changes due to forex impact	(1.0)	0.0	0.0	0.0
Ending cash & cash equivalent	60.3	55.2	52.0	54.2

Key Metrics

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	16.5	26.1	28.3	26.8
Pre-tax margin	34.5	31.9	36.1	35.9
Net margin	32.2	29.0	27.4	27.3
ROA	12.4	11.7	11.8	12.1
ROE	17.1	16.3	16.9	17.4
Growth				
Turnover				
EBITDA	7.0	5.4	11.0	6.1
Pre-tax profit	(28.1)	66.5	20.3	0.3
Net profit	(0.1)	(2.5)	25.7	5.6
Net profit (adj.)	(1.3)	(5.0)	5.0	5.6
EPS	(17.7)	12.6	5.0	5.6
Leverage	(17.7)	12.6	4.9	5.6
Debt to total capital				
Debt to equity				
Net debt/(cash) to equity	9.8	18.6	18.4	18.1
Interest cover	10.8	22.9	22.6	22.2

IMPORTANT NOTICE - DISCLOSURES AND DISCLAIMERS

This report is provided subject to various disclosures and disclaimers (the "Disclosures / Disclaimers") which form an integral part of this report and are available at the following link: https://research-api.uobkayhian.com/assets/disclaimer/df64a6ea-7980-447c-ae9e-fd19b93257dc or by scanning the QR code below:

The Disclosures / Disclaimers contain important information, including without limitation, (a) exclusions of liability, (b) confidentiality obligations, (c) restrictions on publication, circulation, reproduction, distribution and use of the report, (d) potential conflicts of interest, and (e) disclosures and requirements specific to recipients in the United States and other applicable jurisdictions.

Specifically, this report is intended for general circulation and informational purposes only and does not take into account the specific investment objectives, financial situation, or particular needs of any individual person. It is not intended to constitute personal investment advice or a recommendation to buy or sell any investment product or security. You should independently evaluate the information and, where necessary, seek advice from a qualified financial adviser regarding the suitability of any investment, taking into account your specific objectives, financial situation and needs, before making any investment decision. Analyst certifications required under applicable regulations, including SEC Regulation AC (where relevant), are included in this report.

Recipients of this report must carefully read, review and understand the full Disclosures / Disclaimers before using or relying on any information in this report. By accessing, receiving or using this report, you acknowledge and confirm that you have read, understood, accepted and agreed to be bound by the Disclosures / Disclaimers (as may be amended or updated from time to time) in full."